

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY PRAGUE NIACT IMMEDIATE

C O N F I D E N T I A L STATE 144228

E.O. 11652: GDS

TAGS: PFOR, EFIN, L/C, CZ,US

SUBJECT: CLAIMS NEGOTIATIONS - AGREED ARTICLES (ARTICLE 1)

REFS: (A) PRAGUE'S 1568, (B) STATE 140323

1. RE ARTICLE 1 PROPOSED REVISED LANGUAGE ACCEPTABLE
INSOFAR AS IT GOES BUT STILL INSUFFICIENT LEGALLY FOR OUR
OBJECTIVES. AS STATED IN REFTEL B THERE MUST BE SOME
LANGUAGE IN AGREEMENT OTHER THAN IN PREAMBLE WHEREBY
SEPARATE UNDERSTANDING REGARDING CZECH CLAIMS SETTLED CAN
BE EXPLAINED OR ELABORATED ANALOGOUS TO INCORPORATION BY
REFERENCE TECHNIQUE. WE DO NOT DISPUTE CZECH INTENTIONS
BUT BELIEVE THESE INTENTIONS MUST BE ACCURATELY RECORDED
IN LEGALLY BINDING FORM. WITHOUT EXPRESS REFERENCE IN
ARTICLE 1, IN LANGUAGE HOWEVER VEILED, AS A MATTER OF
LEGAL INTERPRETATION THE CZECH GOVERNMENT HAS NOT LEGALLY
AGREED TO RENOUNCE OR WAIVE THEIR CLAIMS FOR BALANCE OF
STEEL MILL, BONDS, SECURITIES AND MONIES INVOLVED IN
ZIVNOSTENSKA BANKA AND STATNI BANKA CASES, AND OTHER CZECH
PROPERTIES WHICH TOTAL ABOUT 12-14 MILLION DOLLARS AND
WHICH COULD THEREFORE BE ASSERTED AGAINST US.

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2. MUCH AS WE DESIRE INITIALLING OF DRAFT AGREEMENT ON SCHEDULE, NEVERTHELESS WE RELUCTANTLY MUST INSIST THAT ARTICLE 1 INCLUDE DEPARTMENT'S SUBPARAGRAPH (III) RE OUTSTANDING FINANCIAL ISSUES IN REFTEL B OR OTHER ACCEPTABLE VAGUE LANGUAGE SUCH AS SENTENCE STATING THAT LUMP SUM AMOUNT ALSO REFLECTS FULL SETTLEMENT OF CERTAIN FINANCIAL ISSUES OUTSTANDING (WHICH COULD THEN BE DESCRIBED IN SIDE LETTER). TO REPEAT, THE PHRASE "CERTAIN FINANCIAL ISSUES OUTSTANDING" HAS BEEN ACCEPTED BY CZECH GOVERNMENT AND APPEARS IN THE PREAMBLE.

3. RE SEPARATE LETTER FROM CHAIRMAN OF CZECH DELEGATION, PRESUMABLY UNCLASSIFIED, THIS WOULD BE ACCEPTABLE IF APPROPRIATE LANGUAGE APPEARED IN ARTICLE 1 AS DISCUSSED ABOVE. ADDITIONALLY, LETTER SHOULD REFER TO "CATEGORIES" OF CLAIMS RATHER THAN CASES AND ALSO MENTION STATNI BANKA CASE.

4. DEPT HAS ALREADY SENT IMMEDIATE SEPTTEL REGARDING PROCEDURES FOR TRANSFER OF GOLD.

5. DEPT NOT PLANNING UPON A PRESS RELEASE BUT OF COURSE WILL HAVE GUIDANCE PREPARED FOR POSSIBLE QUESTIONS REGARDING INITIALLING OF CLAIMS AGREEMENT. SISCO

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